

Office of the Secretary of Labor

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AUTHORITY: 31 U.S.C. 7501 *et seq.* and OMB Circular No. A-133, as amended.

SOURCE: 64 FR 14539, Mar. 25, 1999, unless otherwise noted.

§ 96.0 Purpose and scope of part.

This part identifies the audit requirements for recipients and subrecipients of Department of Labor (DOL) awards and contains DOL's procedures for the resolution of audits. It applies to all grants and contracts and other Federal awards provided by or on behalf of the DOL.

§ 96.1 Terminology.

As used in this part, the terms “Federal award,” “Federal financial assistance,” “recipient,” and “subrecipient” have the same meanings as the definitions in 29 CFR 99.105 of this title.

Subpart A—Audits of States, Local Governments, and Non-profit Organizations

§ 96.11 Purpose and scope of subpart.

The regulations in this subpart and in 29 CFR part 99 implement Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” which was issued pursuant to The Single Audit Act Amendments of 1996 (Act). The Act builds upon earlier efforts to improve audits of Federal financial assistance programs. This subpart establishes uniform audit requirements and policy for recipients and subrecipients that receive Federal financial assistance from DOL.

§ 96.12 Audit requirements.

(a) Organizations covered by this subpart are responsible for arranging for

independent audits that meet the requirements of this section.

(b) The audit requirements contained in 29 CFR part 99 shall be followed for audits of all fiscal years beginning after June 30, 1996.

(c) Except as provided in paragraph (d) of this section, the audit requirements applicable to earlier fiscal years under regulations and award conditions in force when the awards were made shall continue in force.

(d) The Secretary or his/her designee may provide written notice to recipients/subrecipients subject to paragraph (c) of this section directing them to follow the requirements of 29 CFR 99.320, which provides for submission of audit data collection forms and reporting packages to a Federal clearinghouse designated by OMB.

Subpart B [Reserved]

Subpart C—Audits of Entities Not Covered by Subpart A

§ 96.31 Purpose and scope of subpart.

This subpart prescribes the requirement for audits of recipients, subrecipients, contractors, and subcontractors that receive funds from the DOL and are not covered by subpart A.

§ 96.32 Audit requirement.

The Secretary of Labor is responsible for the survey, audit or examination of recipients, subrecipients, contractors, and subcontractors covered by this subpart. Such surveys, audits, or examinations shall be conducted at the Secretary's discretion.

Subpart D—Access to Records, Audit Standards and Relation of Organization-wide Audits to Other Audit Requirements

§ 96.41 Access to records.

The Secretary of Labor, the DOL Inspector General, the Comptroller General of the United States, or any of their duly authorized representatives (including certified public accountants under contract), shall have access to any books, documents, papers, and records (manual and automated) of the entity receiving funds from DOL and

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its subrecipients/subcontractors for the purpose of making surveys, audits, examinations, excerpts, and transcripts.

§ 96.42 Audit standards.

Surveys, audits, and examinations will conform to the Government auditing standards, issued by the Comptroller General of the United States, and guides issued by the Secretary. For purposes of meeting audit requirements under subparts A and C, only the standards for financial and compliance audits need apply.

§ 96.43 Relation of organization-wide audits to other audit requirements.

To the extent that audits conducted in accordance with subpart A provide DOL officials with the information needed to carry out their responsibilities under Federal law or DOL regulations, the Secretary shall rely upon and use the information. Additional audit efforts are not precluded, but such efforts must build upon the organization-wide audit and not duplicate it. The provisions of subpart A do not authorize a covered entity, after having complied with those requirements, to constrain, in any manner, the Secretary from carrying out additional surveys, audits, or examinations as deemed necessary.

Subpart E—Audit Resolution

§ 96.51 Purpose and scope of subpart.

This subpart prescribes standards for resolution of audit findings, including, but not limited to, questioned costs and administrative deficiencies, identified as a result of the audit of grant agreements, contracts, and other agreements awarded by or on behalf of DOL. In cases where these standards conflict with statutes or other DOL regulations, the latter shall be controlling. The DOL Office of Inspector General (OIG) is available to assist agencies in the audit resolution process.

§ 96.52 Pre-resolution phase activities.

(a) *Submission of reports.* Recipients and subrecipients of DOL funds that are audited in accordance with the requirements of subpart A shall comply in all respects with the report submission requirements of 29 CFR part 99.

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Failure to submit a complete audit package will result in the return of the submitted package by the Clearinghouse, which will assign a delinquency classification until the completed package is submitted.

(b) *Quality control.* The Office of Inspector General, in conjunction with other Federal agencies, will implement an audit quality program which may include random, planned, or directed reviews of audits submitted in compliance with OMB Circular A–133. When audits are found not to be performed in compliance with the requirements, the OIG may share the findings with the auditor, the auditee, and the funding agencies, and may work with the local licensing authorities to achieve corrective action.

§ 96.53 Audit resolution generally.

The DOL official(s) responsible for audit resolution shall promptly evaluate findings and recommendations reported by auditors and the corrective action plan developed by the recipient to determine proper actions in response to audit findings and recommendations. The process of audit resolution includes at a minimum an initial determination, an informal resolution period, and a final determination.

(a) *Initial determination.* After the conclusion of any comment period for audits provided the recipient/contractor, the responsible DOL official(s) shall make an initial determination on the allowability of questioned costs or activities, administrative or systemic findings, and the corrective actions outlined by the recipient. Such determination shall be based on applicable statutes, regulations, administrative directives, or terms and conditions of the grant/contract award instrument.

(b) *Informal resolution.* The recipient/contractor shall have a reasonable period of time (as determined by the DOL official(s) responsible for audit resolution) from the date of issuance of the initial determination to informally resolve those matters in which the recipient/contractor disagrees with the decisions of the responsible DOL official(s).